

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 450 - SB 464

March 3, 2009

SUMMARY OF BILL: Requires nursing homes to drug test all direct care employees at least once per year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$258,900

Increase Federal Expenditures - \$742,100

Assumptions:

- Nursing homes will pass the cost for the random drug tests of employees on to the consumers by raising rates.
- According to the Bureau of TennCare, there are approximately 22,000 employees of nursing homes who will be tested at a rate of \$50 per test resulting in a one-time increase to the overall rate of \$1,100,000 (22,000 x \$50).
- A 30 percent average turnover rate for employees will result in a recurring increase in expenditures of \$330,000 (22,000 x .30 x \$50).
- The Bureau of TennCare reimburses for approximately 70 percent of nursing home residents resulting in an increase in TennCare expenditures of \$1,001,000 $[(\$1,100,000 + \$330,000) \times .70]$.
- Of the \$1,001,000, \$258,879 will be state funds at a rate of 25.862 percent and \$742,121 at a federal match rate of 74.138 percent.
- Department of Health surveyors will be trained on the requirements of the bill to ensure that nursing homes and the entities that they contract with to supply direct care staff are complying with the provisions of the bill. Any increase in expenditures will be not significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.
- The Board for Licensing Health Care Facilities will make any revisions to the assisted-care living facility regulations during a regularly scheduled meeting resulting in a not significant increase in expenditures.

- Pursuant to Tenn. Code Ann. § 68-11-216, the Board for Licensing Health Care Facilities is required to be self-supporting. As of June 30, 2008, the Board had a positive balance of \$217,700.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml